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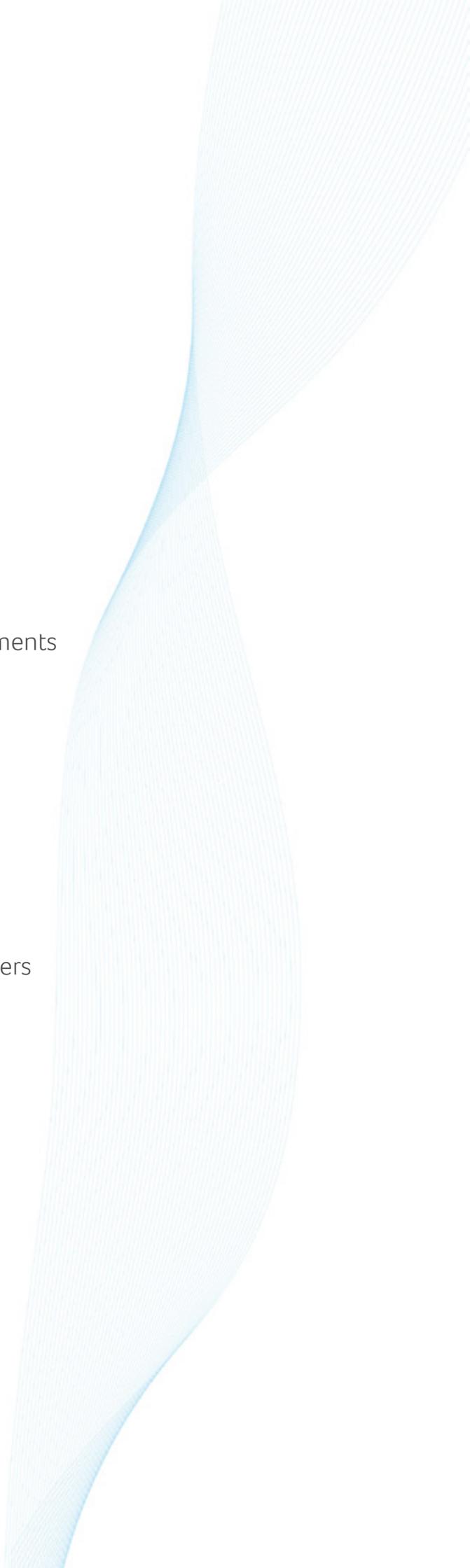
Pulse

6 key payment trends every European business needs to know about

2020



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2020

Where payment and identity become one

A customer orders and pays his groceries online and after work picks up and walks out - no queuing, no tapping.

This seamless customer experience is the goal of any retailer. Payment providers play an increasingly important role in this.

The way of doing business is changing swiftly, thanks to the pace at which customer expectations, technology and innovation develop.

The internet has given birth to e-commerce, letting us shop from our couch or on the bus. Payment technology helps e-commerce thrive, because it makes shopping faster and available through more channels. Customers are looking for a shopping experience that is smooth and effortless and the method of payment can – in many cases – make it or break it.

With all sorts of new technology – from mobile payments, to contactless cards and wearables, we are approaching an area of frictionless payment. Payment so smooth and effortless, it's barely noticed.

One of the forces driving this innovation is the recent PSD2 regulation. Europe is anticipating an explosion of innovation in the field of payments. The diversity of payment solutions means that consumers will have many options to choose from. Naturally, they'll go for the ones that make their life easier and their shopping experience more enjoyable.

Your challenge as a business in 2020 and beyond will be adopting those new solutions, as consumers are firmly in charge.

PSD2 is a Europe-wide regulation that gives financial technology companies the ability to offer new innovative services by getting access to account information and other data that was previously restricted.

Deciding which payment options are worth investing in and which aren't can be difficult as they all have something unique to offer. The good news is, there are a few questions that can help you decide.

The success of any solution in the modern payment ecosystem can be fairly easily tied to three key questions:

- Is it easy?
- Is it fast ?
- Is it secure?

When choosing a payment platform or solution, make sure to ask yourself these questions. For a more in-depth look into the future of payment, keep on reading. In our 2020 Payment Pulse Trends Report, CCV experts assess the future of payment solutions technologies.

Read on to learn what your business should be prepared for in the new decade and beyond.

Enny van de Velden,

Chair of the Board and Chief Commercial Officer



Trend 1

Mobile ‘everything’ leads to frictionless payments

Every generation is different, but they now all have an important thing in common: the mobile phone.

Every generation uses it. There’s your Gen Z, who sometimes joke that the mobile phone is a natural extension of their arm. Then there are millennials, who were the eager adopters and advocates of this technology in its early days. But there’s also the generation who grew up with landline phones and fax who now happily own a mobile phone of their own.

The wide-spread use of mobile phones has given rise to all sorts of functionalities that helps bridge the generational divide, especially shopping. Payment technology is contributing to a huge shift in our experience as consumers - even if many don’t recognise it just yet.

We are now at the dawn of a megatrend that will dominate 2020 and beyond: frictionless payment.

Frictionless payment is the idea that the purchasing experience should be seamless and simple. Businesses are taking advantage of the fact that smartphones are always in consumers’ pockets and wearable technology is on the wrists of its shoppers. These make the check-out process barely noticeable.

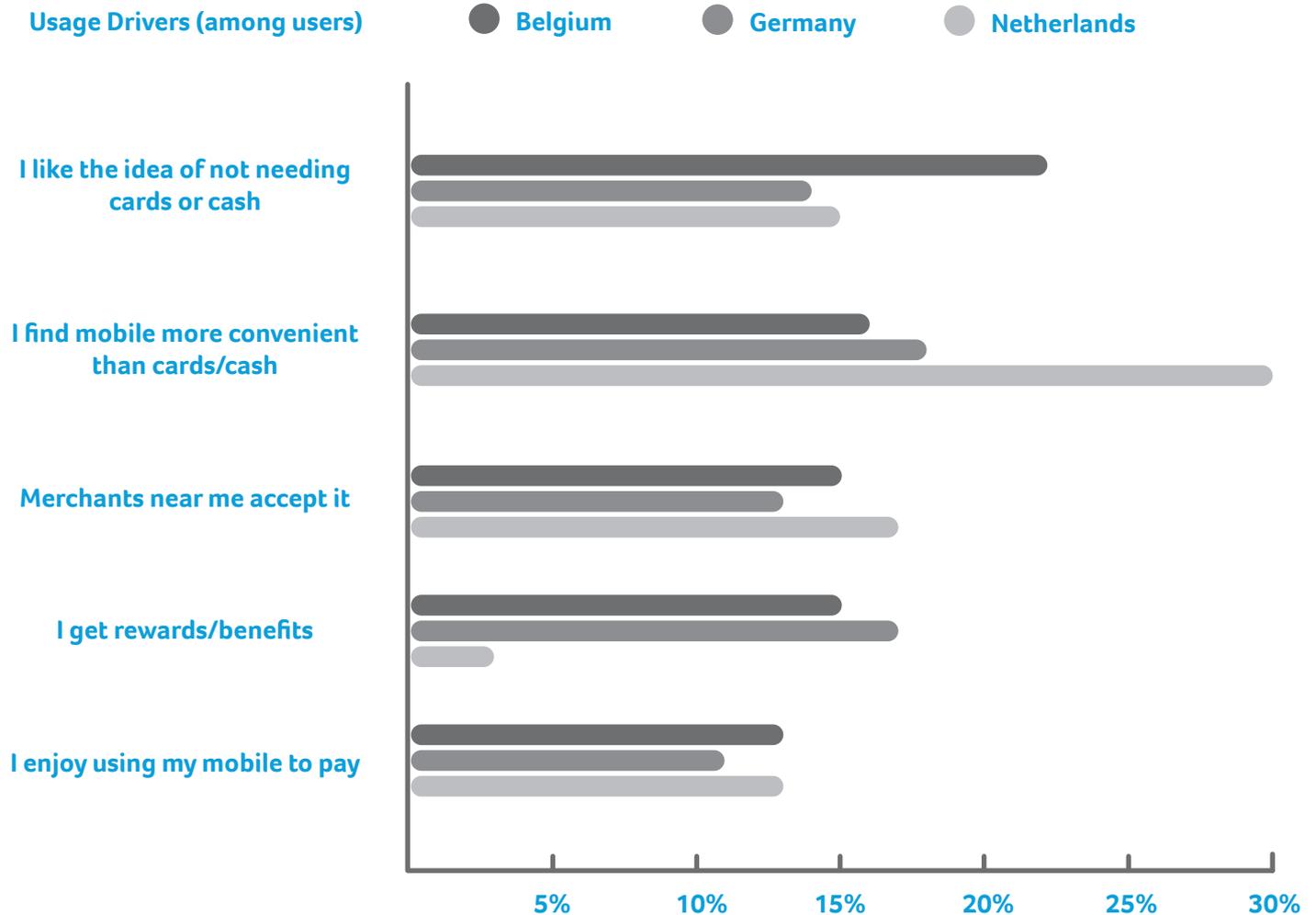
“Mobiles and wearables will increasingly replace bank cards and cash – a development that we anticipate will go global. This in turn, will have a dramatic impact on what customer journeys of the future will look like.”

Cornel van Mastrigt
Strategy and Innovation Advisor at CCV





Mobile wallet drivers - perceptions among current users



Mobile wallets have grown in popularity across all generations of consumers: while you might forget your wallet at home, you'll never leave the house without a smartphone or smartwatch. Our society is constantly connected, and that very idea is helping feed the trend for frictionless payments.

Businesses and consumers are buying into mobile wallets. Apple Pay transactions, for instance, doubled year-over-year, according to Apple CEO Tim Cook.

"Mobiles and wearables will increasingly replace bank cards and cash – a development that we expect to go global. This in turn, will have a dramatic impact on what customer journeys of the future will look like", says Cornel van Mastrigt, Strategy and Innovation Advisor at CCV.

Differing adoption rates for mobile wallets

Adoption rates of mobile wallets have differed among countries. Germany, for instance, has a legacy of using cash payments. They are behind on the usage of mobile wallets and wearables while the trend is hugely popular in the Netherlands. Data from GlobalData 2019 Banking and Payments survey backs this up: almost one-third of Dutch consumers (30 percent) find mobile wallets more convenient than traditional options, but just 18 percent of German consumers feel the same.

“The whole idea of frictionless payments is to ultimately create something like Amazon Go, the U.S.-based grocery store with no tills. It’s really the holy grail, but we haven’t seen all that many examples in Europe yet”.

Despite the differing rates of adoption, businesses, in the main, are welcoming the change with open arms. Payments are one of the last sources of friction in the buying process. Getting rid of that roadblock could be an advantage for small and medium-sized businesses.

“The whole idea of frictionless payments is to ultimately create something like Amazon Go, the U.S.-based grocery store with no tills,” Van Mastrigt says. “It’s really the holy grail, but we haven’t seen all that many examples in Europe yet.”

Frictionless payments are a win-win situation. Shoppers get to move through the store more quickly and businesses can create a better experience for them. The only thing holding it back is adoption on both sides of the table.

Businesses should look to accommodate forms of frictionless payment at every point possible – starting with mobile payment. The goal is to remove any roadblocks in their current customer experience with payments.





Trend 2

Tapping towards a cashless society

Cash used to be preferred, but now people are using it less. So, what's going to happen to cash?

Many see the disappearance of cash as the biggest trend to follow over the next decade. Depending on where you are in the world, the shift away from cash and towards digital payments is underway.

Take Belgium, for example: consumers estimate to use cash only 19 percent of the time for in-store payments like food and drink or clothing and footwear, according to GlobalData. In Germany, this figure still sits at 63 percent, showing cash is just as dominant as ever.

Perhaps the best place to look though is Sweden. The country is leading the shift to a cashless society. Four in every five shoppers use a card and many consumers don't bother to hold cash, according to Sweden's official website. The availability of products like payment terminals and e-commerce solutions has helped businesses accommodate payment methods like the mobile wallet.

“Be prepared for the sign: ‘Cash not accepted, only electronic payments’. Frictionless payments will push this faster and faster.”

Guido Lamers
CCV Lab Manager





Keep the change?

But is the world actually going cashless?

“It’s tough to say,” Guido Lamers, CCV Lab Manager says. Be prepared for the sign: ‘Cash not accepted, only electronic payments’. Frictionless payments will push this faster and faster.” While younger generations have been quick to adopt the technology that’s pushing cash out the door, other consumers are keeping cash in play. In some environments, cash is the most accessible and preferred method. Consumers also use cash as a method of expense management or for safety if electronics fail.

Despite the shift towards cards and other similar types of payments in Sweden, an overwhelming majority of Swedes still want the option to use cash.

So, while all signs are pointing to a greater reliance on mobile wallets, ecommerce and cards, don’t expect cash to completely disappear out of sight. There will always be consumers who want to use cash.





Trend 3

Goodbye chip and pin; hello contactless

Contactless is a popular payment option for businesses and consumers. By getting rid of chip and pin, businesses created frictionless payments for card users.

The convenience of contactless has made it popular with consumers. Almost half of all Dutch consumers (46 percent) say that they find contactless convenient, according to GlobalData. In fact, 61 percent of consumers in the Netherlands either already use contactless. But the Near-field Communication (NFC) technology that is used by contactless payments offers many new options.

Over the next few years, businesses will discover what can truly be accomplished as this technology becomes more common. Now, mobile wallets are becoming more of a mobile organiser, thanks to contactless NFC technology.

“The Starbucks app was one of the most popular apps for years because it allowed you to pay from your phone, making the whole process of buying a coffee pretty painless,” Van Mastriht says. “Now we’re seeing Apple Pay grow in popularity because of its versatility.”

Major banks adopt Apple Pay and Google Pay. They are making contactless payments via mobile phones more common and accessible to users. It allows customers to pay using their phones or watches as if they were using a contactless card, using fingerprint scanning or face recognition for security.

Because of this, users:

- » Gain the added security of having their primary form of payment stored in two places (physical and digital), which is especially useful when traveling.
- » Don’t have to hand over their card to pay for something, which potentially lets someone see the card’s digits.
- » Can manage the value of the card seamlessly and on-the-go – as we all need to do when we’re on holidays.



“The Starbucks app was one of the most popular apps for years because it allowed you to pay and to receive ‘Starbucks-stars’ from your phone, making the whole process pretty painless”

Cornel van Mastrigt
Strategy and Innovation Advisor at CCV

What does the future hold?

Because contactless uses existing card infrastructure, it's easy for businesses to accept these types of mobile solutions.

Like many other public transport industries in Europe, London public transport famously uses a contactless solution: the Oyster card. Travelers can top-up the card to take various sorts of transportation. With the evolution of contactless technology, the contactless debit and credit cards have also been introduced to tap on an off on buses and trams, using the same reader as the Oyster card.

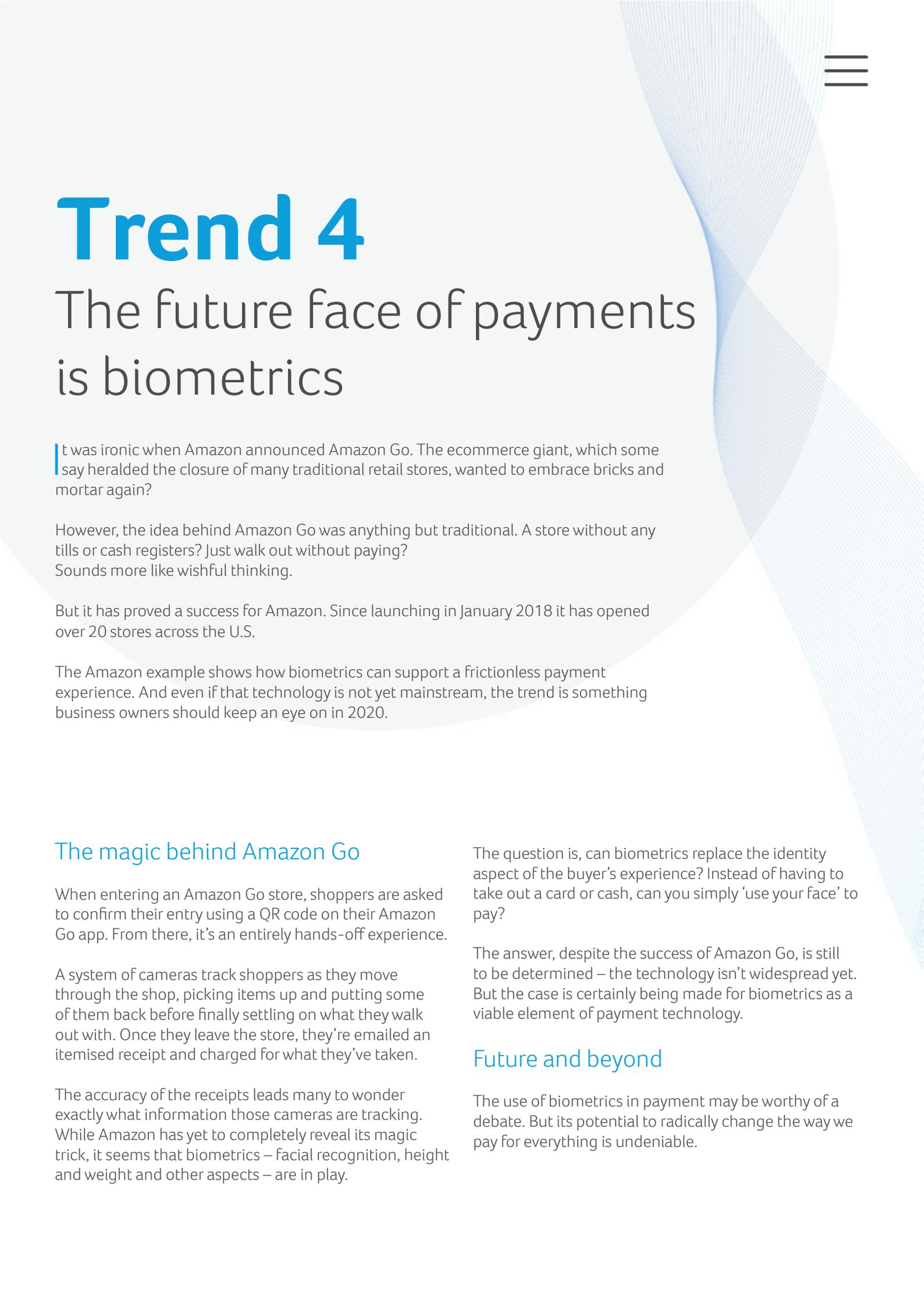
By removing the need for the public transport card, transport for London not only made paying super convenient for its passengers, it also removed the last remaining barrier for people to avoid using the system.

If a customer doesn't have an public transport card or isn't sure if there's enough credit left on it for the fare they can just tap with their credit or debit card.

To embrace this trend, businesses should look at the various ways of integrating different solutions so the customer gets to choose the preferable solution.

Hint: the contactless card reader doesn't always need to be near the till.





Trend 4

The future face of payments is biometrics

It was ironic when Amazon announced Amazon Go. The ecommerce giant, which some say heralded the closure of many traditional retail stores, wanted to embrace bricks and mortar again?

However, the idea behind Amazon Go was anything but traditional. A store without any tills or cash registers? Just walk out without paying? Sounds more like wishful thinking.

But it has proved a success for Amazon. Since launching in January 2018 it has opened over 20 stores across the U.S.

The Amazon example shows how biometrics can support a frictionless payment experience. And even if that technology is not yet mainstream, the trend is something business owners should keep an eye on in 2020.

The magic behind Amazon Go

When entering an Amazon Go store, shoppers are asked to confirm their entry using a QR code on their Amazon Go app. From there, it's an entirely hands-off experience.

A system of cameras track shoppers as they move through the shop, picking items up and putting some of them back before finally settling on what they walk out with. Once they leave the store, they're emailed an itemised receipt and charged for what they've taken.

The accuracy of the receipts leads many to wonder exactly what information those cameras are tracking. While Amazon has yet to completely reveal its magic trick, it seems that biometrics – facial recognition, height and weight and other aspects – are in play.

The question is, can biometrics replace the identity aspect of the buyer's experience? Instead of having to take out a card or cash, can you simply 'use your face' to pay?

The answer, despite the success of Amazon Go, is still to be determined – the technology isn't widespread yet. But the case is certainly being made for biometrics as a viable element of payment technology.

Future and beyond

The use of biometrics in payment may be worthy of a debate. But its potential to radically change the way we pay for everything is undeniable.



In Europe, biometrics are already being used for smartphones, which require a fingerprint to pay with a mobile wallet. Banks are trying debit cards with a built-in fingerprint reader in the U.K. to replace the chip and pin. Both tactics are used to increase payment security.

There's potential in the future for voice and face recognition – as it has already been introduced with Amazon Go – as long as businesses can find a way to stay compliant with the General Data Protection Regulation (GDPR). If they can, traditional purchases could all but disappear from the buyer's journey as invisible payments become the norm.

Regardless, expect to see security move to the forefront of payment solution providers' minds as biometrics enables them to create much safer payment solutions for consumers.





Trend 5

IoT payments lead to more comfortable buyers

If you own a smart fridge like the one Samsung builds, you don't need to guess what food you have at home. You can just ask your fridge.

While the Internet of Things (IoT) has made everyone's lives a little easier, it has also helped create a new type of payment method: IoT payments.

Everything connected

In a world where everything is connected, the way of paying changes. In the future, your washing machine will order the washing powder when it runs empty. Your fridge will order milk when it runs out. Your car will pay for the fuel you're putting into it, without you reaching for a card or smartphone.

"Your machines and vehicles won't be able to handle payments automatically all of a sudden, but it's on the horizon," CCV's Guido Lamers says. "There's a slow shift taking place, it won't happen quickly, but it's definitely on the way."

Industries are working to create machines that can sell customers products and with IoT becoming more commonplace, we'll start to see manufacturers take

leaps of faith when it comes to payment. Connecting product payment to IoT will make the entire payment cycle easier to manage.

The effect on the average business

Why exactly is this trend becoming popular? IoT allows companies to start the point of sale much earlier in the cycle than previously available. In fact, it allows them to skip the customer journey altogether, making their product a mainstay in the consumers' life.

Consider a car, which the average European spends 84 minutes of his or her day commuting in. That was previously lost time, where businesses and consumers couldn't interact with each other during the day. But technology could allow the vehicle itself to make various purchases.



For example, the vehicle's systems could also manage payment for tolls or even help a passenger order a take-away for when they get home.

At its core, the infrastructure to facilitate these invisible payments already exists; IoT is just opening up different avenues as to how customers can use it.

For most companies, that's a win-win situation and a potential boost in revenue and for the consumer, convenient and fast.





Trend 6

Invisible payments: the holy grail

Each payment method, whether it is cash, card, mobile or wearable, comes with an identity factor. In terms of cash, a consumer interacts directly with an employee. When it comes to card, a user taps or enters a chip and pin. Even with mobile wallets, the user still has to take it out and tap.

Invisible payments split the identity from the act of purchasing, allowing users to have a truly unbridled, frictionless payment experience.

“Within China the self-service BingoBox becomes more popular. Self service and efficient unmanned convenient stores are introduced on specific locations like airports and or places where the traditional store does not fit anymore.” Van Mastrigt says.

The trend will allow for more effective personalisation. It will help businesses to better understand the habits of their shoppers because identity is authorised at the beginning of the transaction instead of the end. Ultimately, it'll allow companies to provide better services.

Invisible payments are already in play

Food delivery and ride share or taxi services are great examples of invisible payments which are already being used. By simply storing personal and financial information on an app, users can hail a lift, get dropped off at their destination and then walk away, knowing that they'll be billed for the service.

Often dubbed the 'uberization' of payment, the method depends on building in a trustful recognition of identity as the first step in the process. Then, the final payment is charged almost as an afterthought to the consumer experience.

Shoppers may not be asking for this type of payment method. They know it exists, but they don't understand its full capabilities. But given that it's easy, fast and secure, they're likely to adopt it quickly as it's rolled out across various industries. The message for businesses is 'watch this space'.

Is your business ready for the future?

The payment ecosystem of today is very different from that of just ten years ago – and entirely unrecognisable from the era of writing a customer's name in a ledger and settling up later.



Over the next decade businesses will be expected to meet the surging demand for a wide selection of payment options. Some incorporate existing infrastructure, making it easy to adhere to emerging trends. Others require a much more strategic investment into capabilities, but often reap the reward of improved revenue and a better customer experience.

We're nearly there with contactless cards and Amazon Go; the uberization of payments will ultimately make them truly invisible. Eventually, payment will be nothing more than an afterthought.

The future looks bright for consumers, with payment set to return to the background of the activities they're taking part in.

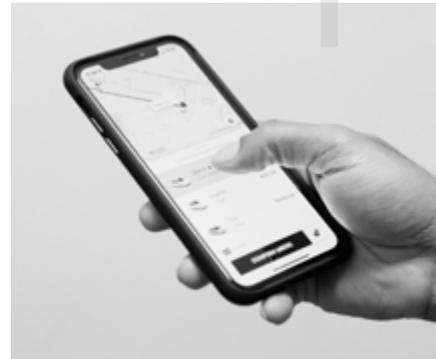
It's all reliant on companies, though, to be able to adapt to a shifting payment world.

“The future looks bright for consumers, with payment set to return to the background of the activities they're taking part in.”

How invisible Payments Work

User order taxi

1



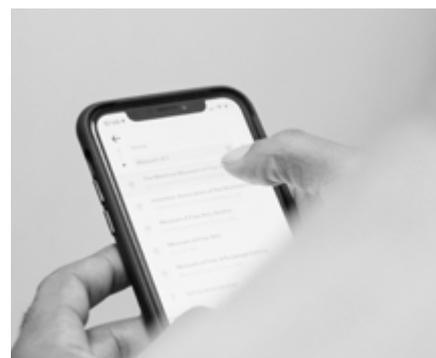
User getting into a taxi

2



Payment done from user's account

3





About CCV

CCV offers end-to-end payment solutions for businesses of all scope. If you need to get paid, CCV will get you up and running no cash in no time. We'll work closely with you to create the perfect solution that looks and works beautifully. Whether it is in-store, online or unmanned.

We offer a complete sales ecosystem for your business in different sectors such as retail, hospitality, leisure, parking, petrol station, vending and many more. That's easy to use, beautiful, and most of all: tailored to suit your customer.

Payment solutions for in-store, e-commerce or unmanned.

Accepting payments in-store

Payment solutions for in-store, e-commerce or unmanned.

- » Payment terminals
- » Transactions
- » Support 24/7

Accepting payments online

- » Magento, Woocommerce, ..
- » PayPal, iDeal, Sofort, Credit cards
- » Support 24/7

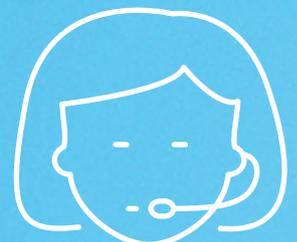
Accepting payment unmanned

- » Parking drive-in drive-out
- » Vending

Do you want to find the payment solution that meets your needs?

We are happy to advise you!

[Get in touch](#)





The experts behind the trends

Cornel van Mastrigt

Strategy and Innovation Advisor at CCV

Cornel is a seasoned fintech and payment professional with 20+ years' experience in the field of payments. He is passionate about making payments seamless and supporting customers with an emphasis on leveraging innovation and connecting different eco-system players to solve complex problems.

With an extensive background in merchant acquiring, cards processing and product management, Cornel is working on optimizing customers' payment journeys and developing next gen payment solutions.

Guido Lamers

CCV Lab Manager

Guido Lamers has been working at CCV for over 20 years with new payment technology. In addition to extensive experience with omni-channel payment acceptance, developments in in-store, e-commerce, customer journey optimization or back office processes and the merger with new technologies have characterized the last few years.

Within this playing field, Guido plays a central role in the field of long-term innovations and the associated partnerships and developments, both within and outside CCV's current markets and product portfolio.



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